

House Bill 1380

By: Representatives Harbin of the 118<sup>th</sup> and Burkhalter of the 50<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to  
2 insurance generally, so as to provide that the state, and any political subdivision thereof, and  
3 any public retirement system has an insurable interest in any individual who is an employee  
4 of the state or political subdivision and in any individual who is a retired employee and a  
5 member of a public retirement system in certain circumstances; to provide that the state, any  
6 political subdivision, and public retirement system may effectuate insurance upon its  
7 employees and its retired employees who are members of a public retirement system under  
8 certain circumstances; to provide that an employee or returned employee may void such  
9 insurance as to such employee or retired employee under certain circumstances; to provide  
10 for related matters; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance  
14 generally, is amended by revising Code Section 33-24-3, relating to insurable interests  
15 relating to personal insurance, by redesignating subsection (k) as subsection (l) and adding  
16 a new subsection (k) to read as follows:

17 "(k) The state, and any political subdivision thereof, including any county, municipality,  
18 or local school district, and any public retirement system has an insurable interest in any  
19 individual who is an employee of the state or political subdivision and in any individual  
20 who is a retired employee and a member of a public retirement system when:

21 (1) The Governor, the governing authority of a political subdivision, or the trustees of  
22 a public retirement system has accepted, in the same manner as a professional services  
23 agreement, a request for proposal or otherwise and selects a qualified insurer to issue  
24 such policies;

(2) The qualified insurer selected issues an individual life insurance policy to cover substantially all current employees, all retired employees who are members of a public retirement system, or an identifiable group of either;

(3) The entire premiums for such policies are paid by the state, political subdivision, or public retirement system;

(4) The beneficiary of a portion of the proceeds from such policy is a public retirement system designated by the state, political subdivision, or public retirement system;

(5) The financing, if any, of any premiums is an obligation of the public retirement system; and

(6) The policy is structured in such a manner that the death benefit expands annually so as to provide that the entity funding the policy shall, at the time the benefits are paid, recover the premiums paid plus a cost of money."

## SECTION 2.

Said chapter is further amended by revising Code Section 33-24-6, relating to consent of insured to insurance contract, as follows:

"33-24-6.

(a) No life or accident and sickness insurance contract upon an individual, except a contract of group life insurance or of group or blanket accident and sickness insurance, shall be made or effectuated unless at the time of the making of the contract the individual insured, being of competent legal capacity to contract, applies for a life or accident and sickness insurance contract or consents in writing to the contract, except in the following cases:

(1) A spouse may effectuate insurance upon the other spouse;

(2) Any person having an insurable interest in the life of a minor or any person upon whom a minor is dependent for support and maintenance may effectuate insurance upon the life of or pertaining to the minor;

(3) An application for a family policy may be signed by either parent, by a stepparent, or by husband or wife;

(4) A publicly owned corporation may effectuate insurance upon its employees in whom it has an insurable interest;

(5) A corporation not described in paragraph (4) of this subsection may effectuate insurance upon its employees in whom it has an insurable interest, and a trustee of a trust established by a corporation providing life, health, disability, retirement, or similar benefits may effectuate insurance upon employees for whom such benefits are to be provided if the insurance contract or contracts held by such corporation or trustee cover at least two employees. For purposes of this paragraph, any employee of a group of

corporations consisting of a parent corporation and its directly or indirectly owned subsidiaries shall be considered to be an employee of each corporation within that group;

or

(6) A corporation described in paragraph (4) or (5) of this subsection or the trustee of a trust established by such corporation for its sole benefit may exchange any policy which was issued to itself on the life of an employee or retiree of the corporation, or which was issued to another corporation or the trustee of a trust established by such other corporation for its sole benefit on the life of an employee or retiree of such other corporation, and the exchanging corporation has acquired by purchase, merger, or otherwise all or part of such other corporation's business for a new policy of insurance on such individual's life issued to the exchanging corporation; or

(7) The state, and any political subdivision thereof, including any county, municipality, or local school district, or public retirement system may effectuate insurance upon employees of the state or political subdivision and retired employees of the state or political subdivision who are members of a public retirement system when the beneficiary to a portion of the benefits under the policy is a public retirement system.

(b)(1) If a contract of life insurance is issued as authorized in paragraph (4) or (5) of subsection (a) of this Code section, the insurer shall be required to give written notice of such life insurance in accordance with paragraph (3) of this subsection and provide the employees an opportunity to refuse to participate. For all contracts of life insurance issued or delivered for issuance in this state after July 1, 2003, pursuant to paragraph (4) or (5) of subsection (a) of this Code section, the written consent of each individual proposed to be insured shall be obtained prior to the issuance of a policy on such individual. Written consent shall include an acknowledgment that the corporation may maintain life insurance coverage on such individual after such individual's employment with the corporation has terminated.

(2) If a contract of life insurance is issued as authorized in paragraphs (1) or (2) of subsection (a) of this Code section, the insurer shall be required to give written notice of such life insurance in accordance with paragraph (3) of this subsection.

(3) At the time of the issuance or delivery of the contract of insurance, notice of the issuance of the policy shall be delivered to the insured in person or by depositing the notice in the United States mail, to be dispatched by at least first-class mail to the home, business, or other address of record of the insured. The insurer may obtain a receipt provided by the United States Postal Service as evidence of mailing such notice or obtain such other evidence of mailing as prescribed or accepted by the United States Postal Service. The insurer shall not be required to provide the notice set forth in this subsection with respect to any application for credit life insurance; any insured who is older than the

age of majority and who has signed or otherwise acknowledged the application in writing; any application for insurance covering the life of a minor; or any application for a contract of life insurance with a face amount of less than \$10,000.00.

(c) If a contract of life insurance is issued as authorized in paragraph (7) of subsection (a) of this Code section, any employee or retired employee may make a written objection to the insurer within ten days after such policy is delivered to the state, political subdivision, or public retirement system and, in such case, the policy shall be voided as to such employee or retired employee.

~~(c)~~(d) An insurer shall be entitled to rely upon all statements, declarations, and representations made by an applicant for insurance relative to the insurable interest which such applicant has in the insured; and no insurer shall incur any legal liability except as set forth in the policy, by virtue of any untrue statements, declarations, or representations so relied upon in good faith by the insurer.

~~(d)~~(e) As used in paragraphs (4), (5), and (6) of subsection (a) of this Code section, the term 'employee' shall include any and all directors, officers, employees, or retired employees. The term 'employee' shall include any former employee, but only for the purpose of replacing existing life insurance that will be surrendered in exchange for new life insurance in an amount not exceeding the insurance being surrendered."

### SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.